



California Public Utilities Commission

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PRESS RELEASE

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A.14-11-004

CPUC ADOPTS SETTLEMENTS IN SDG&E AND SOCALGAS RATE CASES

SAN FRANCISCO, June 23, 2016 - The California Public Utilities Commission (CPUC) today set the amount that San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas) are authorized to recover from customers in 2016-2018 rates.

Today's decision adopts a modified settlement agreement that was entered into between SDG&E, SoCalGas, the Office of Ratepayer Advocates, and other parties. It authorizes a 2016 revenue requirement of \$1.79 billion for SDG&E's combined operations (\$1.48 billion for its electric operations, and \$309 million for its gas operations). This is \$104 million lower than what SDG&E had requested. The decision adopts a 2016 revenue requirement of \$2.20 billion for SoCalGas, which is \$127 million lower than what SoCalGas had requested.

"Compared to current rates, we estimate that for residential customers the average SDG&E electric bill will increase by about 1 percent, the average SDG&E gas bill remains about the same, and the average SoCalGas bill will increase by about 3 percent," said CPUC President Michael Picker, the Commissioner assigned to the proceeding.

In authorizing the revenue requirements, the CPUC closely scrutinized the activities of each company to ensure the long-term safety of infrastructure. The decision provides the necessary funds for SDG&E and SoCalGas to perform pipeline inspection, testing, and maintenance work on their gas transmission and distribution pipelines that they are required to do by state and federal law, and allows the companies to maintain and replace their aging electric and gas infrastructure at reasonable cost.



Said Commissioner Liane M. Randolph, “What is important in this decision is the close scrutiny that the CPUC gives to the activities of these companies to ensure the long-term safety of their infrastructure. In everything from safety reporting to storage field risk assessment to the formulas determining executive compensation, the CPUC is paying close attention to how SoCalGas and SDG&E spend consumer dollars.”

This proceeding was initially filed with the CPUC in November 2014, nearly a year before the leak at Aliso Canyon began. The decision requires SoCalGas to separate Aliso Canyon costs to ensure that no such costs are reflected the next time it files a rate case, in 2017.

The other issues resolved in the decision include the following:

- \$38 million is authorized for operations and maintenance and \$236 million for capital improvements for SoCalGas’ underground storage facilities.
- Both companies are to provide two types of accountability reports: one on whether expenditures align with what is approved, and the second measuring the safety impact of the expenditures.
- SDG&E is prohibited from compensating its employees, managers, and executives on the basis of SDG&E’s recovery of monies from consumers for wildfire-related costs that are being litigated before the CPUC.
- To lessen the danger of wildfires, provides the necessary funds to allow SDG&E to trim vegetation near overhead electric lines, and to replace many of its wooden poles with steel poles.

The proposal voted on is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M163/K911/163911791.pdf>.

For more information about the CPUC, please visit www.cpuc.ca.gov.

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